# Financing a Business in Alberta

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Alberta

TOURISM AND
SMALL BUSINESS

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# Financing a Business in Alberta

The competitive nature of our economy and the fast pace at which business conditions develop require that entrepreneurs have more capital and more sophisticated management skills than ever before. The new businessman will find that many decisions require technical knowledge beyond his own area of expertise. Often he will need the advice of specialists such as accountants, lawyers, insurance brokers and bankers. This handbook does not take the place of experts, rather it highlights some of the more important financial considerations of which the businessman should be aware for the welfare of his business.

Almost every person owning or managing a small or medium-size business has at some time required financial help. One of the more important jobs for a businessman is to plan and obtain the necessary financing to enable him to establish the business, allow the business to continue its operation and to assist the business to grow.

To obtain financing that will be the most beneficial to his business, a businessman must first recognize the importance of good financial arrangements. He then must be aware of the different methods of financing a business and where the necessary funds are available. In order to convince lenders or investors to support his business, the businessman should undertake some method of financial planning to be able to approach them with an attractive proposal which will demonstrate the potential profitability of the business. A business plan is also invaluable to assist in organizing the business to ensure its survival.

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# Chapter One

# Methods of Financing a Business

Essentially, there are two methods of financing a business. These are equity financing and debt financing. There are other sources of money available to a business such as trade credit and the prepayment of goods or services, but for most businesses their principal source of funds is through equity or debt.

## EQUITY FINANCING

Equity is the amount of money that is put into the business other than from outside loans. The most obvious source of equity financing is the individual starting the business. The equity may come from personal savings, securities, sale of real estate, or relatives, but it is put up by the individual or persons who will have ownership of the business.

Many people have the mistaken impression that financial institutions, or government agencies, will provide all or most of the basic capital required for a business venture. In fact, the entrepreneur himself must assume the bulk of the risk and does so by committing his funds to the business. The amount of equity investment required varies widely, depending upon the kind of business, experience of the owners, current economic prospects, etc.

### TYPE OF BUSINESS ORGANIZATION AFFECTS FINANCING

In Alberta there are a number of different forms of business organizations which can influence the way equity is put into a business.[1]

The simplest type of business organization is a sole proprietorship. In a sole proprietorship, the owner supplies the money necessary to fund the business. He owns all the assets and is responsible for all the liabilities. If the owner cannot supply all the equity capital needed, he may have to find one or more partners willing to put money into the venture. Obtaining a partner means that the ownership will be shared as well as the liabilities. In a partnership, each partner can be held personally responsible for obligations placed on behalf of the business by other partners.

Sometimes the partner is "silent" which means he will help supply the capital while you supply the "know-how." In most cases, however, partners work together at the business. Ideally, in a working partnership, each partner will have skills different from the other so that both can contribute to the business in other ways besides supplying money. Whether silent or active, your partner will usually insist on some share in the management decisions. There should be a word of caution here: you should be very careful in choosing a business partner. Many partnerships fail because the partners cannot get along.[2]

There is a special legal arrangement whereby a person may contribute financially but cannot be engaged in conducting the affairs of the partnership. This is called a "limited partnership".

1
For a more complete description of the types of business formations refer to the handbook "Starting a Business in Alberta" distributed free of charge by the Alberta Department of Tourism and Small Business

2
When entering into a partnership, an agreement should be drawn up between the partners to protect their interests. The type of subjects to be addressed in the agreement are given in the handbook "Starting a Business in Alberta."

A limited partner is normally only liable to the firm or its creditors to the extent of the capital he has agreed to contribute towards the partnership. To remain a limited partner, a person must take no part in the management of the firm, nor may he act on behalf of the company, or he becomes a general partner.

Lastly, a limited company can be formed where ownership is shared, generally in proportion to the amount of money each person puts up. If you decide to form a limited company, it can be advantageous to buy only one or two shares of the company and then lend the rest of the money to the company in the form of "shareholders' loans." The reasons for this are:

(1) If you purchase shares in the company, the only method of withdrawing your investment from the limited company is by paying yourself wages (which are taxable) or by dividends (which are also taxable). On the other hand, putting money into the company by means of shareholders' loans means that you can take this money out of the company without tax.

(2) Interest on shareholders' loans paid to you by the company is tax deductible by the company.

(3) Lenders consider shareholders' loans as equity as long as they are left in the company.

(4) It is easier to repay a loan than sell shares back to the company or to other investors.

In attempting to attract partners or other equity investors, newer and smaller businesses must be able to demonstrate the profitability of the venture. Investors can obtain returns of up to and sometimes exceeding 10% with relatively safe investments in mortgages and bonds. Therefore, in order to invest in your enterprise, which probably carries a greater degree of risk than mortgages, the business must promise better financial returns. Investors must be convinced that the payoffs will be attractive and the risks minimal. One method of doing this is with a well-documented business plan as given in the chapter on financial planning in this handbook.

## GOING PUBLIC

Another method of obtaining equity financing is to offer shares in the business for sale to the general public. A limited company may remain private if it does not have more than 50 shareholders and does not sell its shares or securities to the public. Therefore, equity financing for a private company is usually obtained from a limited number of individuals who are actively interested in the success of the enterprise. Public companies, on the other hand, provide the greatest opportunity for obtaining equity capital since they can sell their shares to anyone.

In certain cases, a private company can make representation to people not directly associated with the principals of the business to purchase shares of the company. However, proper authorization must first be obtained from the Alberta Securities Commission.[3] This regulation is necessary to protect the public from fraud.

Going public (becoming a public limited company) or offering shares to the public at large can be a complicated procedure.

3
The Alberta Securities Commission is located on the 10th Floor Capitol Square Building, 10065 Jasper Avenue, Edmonton, Alberta, T5J 3B1, phone 427-5201.

A detailed prospectus of the company's operations must be filed with the Alberta Securities Commission. The road to going public can often be long (from three to six months) and expensive ($25,000 at the minimum). Because of the expense involved, few investment dealers would consider undertaking a public issue of securities much below $500,000. Nevertheless when companies become sufficiently large and profitable, a public offering of shares can be an attractive alternative to obtain financing. To learn more of this method of financing a business, one should contact an established investment dealer.

## VENTURE CAPITAL

In Canada, there are a number of venture capital firms that will supply money to fledgling businesses in return for equity participation (part ownership).[4] The venture capitalist will usually invest from $25,000 to $500,000 over the long term but expects good growth prospects. For new businesses, the venture capitalist would expect the value of the investment to increase tenfold over four years and for existing firms, a doubling of the investment value within four years. One Canadian venture capital firm has estimated that they only seriously consider one out of 10 proposals put before them and that, on the average, they only actually participate in about one out of 50 propositions.

Besides fast growth prospects, the venture capitalist looks for sound management and a high degree of financial commitment on the part of the individual seeking financing. Most venture capital firms do not wish to become involved in the day-to-day operations of the businesses in which they invest. They will require representation on the board of directors of the companies and, in some cases, will seek majority control, depending upon their equity participation. Generally a role of continuing counselling develops between management and the venture capitalist.

The goal of the venture capitalists is to provide equity financing for what are usually risk enterprises with potential. Most investments by Canadian venture capitalists are in the expansion of established companies rather than start-up situations. Their hope is that within five to ten years, they will be able to liquidate all or part of their investment at a substantial gain. Venture capitalists are "hard-nosed" professionals and will attempt to drive the best bargain they can achieve. A businessman seeking venture capital participation should be sure of his approach and be able to substantiate his business claims.

The federal government has established the Canadian Development Corporation as a venture capital organization that will invest in the equity of existing corporations. The corporation will only invest in those enterprises that promise good return and promise to be of greatest importance to Canada's economic development. The corporation has not been established to help sick companies. In special circumstances, the Federal Business Development Bank will also consider equity participation in Canadian firms in conjunction with a term loan secured by the fixed assets of the business.

Whether it is a case of bringing in a partner, a venture capitalist, or selling common stock to outside interests, it is important to recognize that selling equity in return for financing can be

4
The Federal Department of Industry, Trade and Commerce has prepared a book entitled "Sources of Venture Capital — A Canadian Guide" which lists the venture capital firms in Canada. The Department has offices in Edmonton where this book is available.

## DEBT FINANCING

an expensive form of financing. If the company prospers because of the founder's hard work, it is sometimes difficult to accept the rewards going to others because of a financial commitment made some time ago. Before approaching investors, an entrepreneur should first exhaust those sources of funds which do not involve a loss of ownership, such as his own personal resources, and debt financing.

Most firms borrow money to transact their affairs. There are a number of sources that will lend money to businesses in Alberta as given in the chart on pages 24-25 in this handbook. Entrepreneurs should attempt to familiarize themselves with the lender's requirements and determine which type of borrowing is most suitable for their business.

One cardinal rule of finance should be observed, that is, long-term use of funds should be supplied from long-term sources of funds. In other words, avoid imbalance in financing. Long-term debt financing should not be used for short-term working capital and, conversely, working capital should not be used to finance long-term fixed assets.

For example, one Alberta manufacturing company was almost forced into bankruptcy even though they were showing good profit on their accounting records. The firm had obtained a working "line of credit" with a bank for $50,000, but had used this money to purchase fixed equipment. Because of this management decision, they were unable to meet their accounts payable, purchase needed inventory, or meet other operating expenses. The business was eventually forced into liquidating most of its equipment at a fraction of its orginal cost in order to keep operating. This company should either have leased the equipment or obtained a term loan over some years to purchase the equipment so that working capital could have been used for current operating expenses.

A new business usually does well to minimize its fixed capital outlays to the greatest extent possible. For example, rent real estate rather than buy it and lease equipment instead of purchasing it. Although this policy may appear more expensive over the long run, it means that the firm will have more money available for current expenses. After the company has established itself as a continuing profitable entity, any lack of economy in these practices can be cured. Equity capital used for working capital can normally be recaptured quickly through inventory turnover. However, equity capital sunk in fixed capital is harder to retrieve. One of the main strategies to cope with business uncertainty is to reduce fixed costs even if this considerably increases variable costs.

Many businesses fail because they simply run out of money as they purchased items they could have financed, thereby leaving themselves short of equity operating funds.

### FIXED ASSETS FINANCING

It is useful to think of business credit as being divided into two categories, one concerned with medium and long-term credit of more than one year, and the other with short-term credit of one year or less. The fixed assets of a business, i.e. those having a life of more than one year, are ordinarily financed from equity capital contributed by the owner or by medium or long-term loans having a duration related to the expected life of the assets.

One method of obtaining fixed asset financing is to negotiate a "term loan." A term loan is a business loan which has a maturity of not less than one year and usually does not go beyond 15 years.

The security offered for repayment is normally a form of mortgage against the equipment or other property being financed. The length of the repayment schedule is generally related to the useful life of the asset. The lender will only give a percentage of the value of the asset being purchased. For example, a bank may lend up to 75% of the value of a truck to be repaid within five years, whereas the same bank may lend up to 80% for a building to be repaid within 12 years. The balance of the money owing for the assets would come from the equity the owner contributes.

The advantage of a term loan is that the terms, including repayment schedules, can be negotiated between the lender and borrower. The loan agreement is based upon the ability of the borrower to repay the loan out of earnings, generally in installments. As long as the borrower complies with the terms of the loan, he has assurance that no payments other than regular installments will be required prior to the due date of the loan. There is the added advantage that the lender and borrower develop a relationship over a relatively long period of time and that the lender can be of assistance in advising on financial matters and perhaps be able to offer additional financial assistance.

When lending on a medium or long-term basis, credit institutions tend to place emphasis on the earning power of the business over a period of years and on its ability to repay the debt. The businessman must, therefore, convince the lenders that the business is sound, preferably by the use of a business plan.

One of the more important indicators used by lenders to demonstrate the soundness of the business' financial position, is the debt-to-equity ratio. For example, if your business owes $4,000 to others and you have only a $2,000 investment in the business, then your debt-to-equity ratio is 2:1. Some lenders interpret this ratio differently, but for new businesses it is unlikely that the lender will go beyond 2:1 or even 1:1.

Another key indicator is the current ratio, the ratio of current assets to current debt. This is used as a measure of short-term solvency. For example, if your cash on hand and accounts receivable add up to $6,000 and your accounts payable are only $2,000, then your current ratio is 3:1, which is favourable. This demonstrates to lenders that your cash position is sound. Note that a higher debt-to-equity ratio is viewed less favourably and a higher current ratio is looked on more favourably.

If the loan is given to a limited company, the lender may require your personal guarantee. In other words, you agree that if the company cannot repay the loan, you will. This guarantee may be limited or unlimited. A limited guarantee allows the lender to call upon you to repay the amount owing on that particular loan. An unlimited guarantee allows the lender to call upon you to repay all funds borrowed by the company from that institution, including all other loans, overdrafts, etc. It is to your advantage to negotiate a limited guarantee — say the amount of the loan plus three months' interest. Once you have repaid the loan, be sure to obtain a release of the guarantee.

The lender may request a "Postponement of Claim" whereby the company agrees not to repay shareholders' loans until the lender has been repaid in full. It is also not unusual for the lender to request "Key Man Insurance" where key management personnel obtain life insurance assigned to the lender. If a lender requests "Key Man Insurance" be sure to obtain a letter from him to this effect as the cost of the premium can be used as a business expense for tax purposes.

## CONDITIONAL SALES PURCHASES

In many cases, manufacturers of new equipment will assist in financing purchase of their equipment through the use of conditional sales purchases. The manufacturer will take the purchaser's note after a down payment of from one-quarter to one-third of the purchase price. The ownership of the property under such an arrangement is retained by the seller until the buyer has made all the required monthly or quarterly payments over the term of the contract.

## LEASING

More and more businessmen are using leasing as a means to finance the use of equipment without large capital expenditures. A company can acquire the use of equipment by merely committing itself to pay a number of rentals without making a substantial cash payment or incurring a large obligation. The lease is usually written on the total customer selling price and is drawn for a period of from three to five years. The total amount to be paid is computed by adding finance charges to the total customer selling price.

Sale-leaseback arrangements have also become increasingly popular in recent years. By this method of financing, a company sells an asset to an insurance company or other institution and then immediately leases it back. Here again, the lessee obtains working capital and rental payments can be charged as an expense for tax purposes. The sale-leaseback arrangement makes it possible for the seller to borrow more money than he might have been able to if the businessman held encumbered property. Leases are generally long-term and the good credit standing of the lessee is important. For new businessmen, leasing can be advantageous in that equity capital can remain intact for operating expenses.

## FINANCING WORKING CAPITAL

Obtaining sufficient working capital is frequently cited as one of the more difficult problems facing the small businessman. Retail stores can be especially hard pressed in this regard. However, there are a number of methods by which operating money can be obtained through debt financing.

### LINE OF CREDIT (Demand Loans)

A line of credit is provided by banks to support working capital required by the business. The bank will negotiate to lend up to a certain amount of money providing certain terms and conditions are met. The bank can cancel the line at any time it considers necessary (hence the name "demand loan"). However, it will not generally cancel without cause. A line of credit is extremely useful to a businessman. The loan will go up and down as the business needs the money and interest is paid only on the amount outstanding. Generally, it is wise to avoid continuous operation at the upper end of the credit line.

### CHARACTER LOANS

Character loans are given to individuals or companies with excellent credit ratings. They are generally unsecured loans made for the short term to be used for general purposes.

### COMMERCIAL LOANS

These are self-liquidating loans made for the short term (30 to 90 days). They are generally used for such things as seasonal financing or for inventory purchases.

### ACCOUNTS RECEIVABLE FINANCING

In accounts receivable financing, lenders make cash advances to borrowers using accounts receivable as security. There are two

methods by which this is accomplished. In the first method, the borrower's customers are asked to remit payment directly to the lender. This arrangement is generally not desirable as it could upset the relationship between the borrower and his customers. In the second method, the borrower receives payment from his customers and remits the total payment intact to the lender. The lender will release the borrower's indebtedness and return any excess payments after deducting finance charges.

With accounts receivable financing, the borrower is able to secure a continuous source of operating cash without entering into long-term financing arrangements. The relationship with the finance company can develop into a continual arrangement whereby up to 80% of the assigned accounts can be financed. It is important to recognize, however, that the borrower is still responsible for collecting the accounts receivable.

## FACTORING

Factors are companies involved in purchasing outright the accounts receivable of their clients. It usually means a continuous agreement whereby the factor is responsible for granting credit to the business customers, performing the accounts receivable bookkeeping and collecting the accounts. In other words, the factor assumes all risks in regard to granting credit and collections. Generally cash is made available to the client on the collection date of the goods sold.

To do business with a factor, the volume of business should be sizeable (about $250,000); the prospective client should sell on normal credit terms and the majority of its customers should have good credit ratings.

Factoring companies offer an important service to the Canadian businessman. Generally, they service manufacturers and wholesalers engaged in the production and selling of items for which there is a continuing or repeat business such as shoes, textiles, various manufactured items, and even certain types of raw materials such as lumber and building supplies. There is an increasing trend by Canadian companies in the export field to make use of the services available from factoring companies.

The factor charges interest on the receivables discounted, plus a commission. This commission is the factor's fee for assuming full credit risks on the receivables purchased as well as for undertaking the collection work.

## INVENTORY FINANCING

For some established firms, inventory will be financed by banks or commercial finance companies up to 75% of the value for both raw materials, work in progress and finished goods. Section 88 of the Bank Act enables chartered banks operating under the Bank Act to lend against security consisting of products of the mine, forest or stream. However, in most cases of inventory financing, good rapport has been established over a period of time between the lender and the borrower. For new business, inventory financing can be difficult to obtain.

Retail stores and other businesses which require large amounts of unsold inventory often experience difficulty at the outset in obtaining inventory financing. This is because retail stores have a high failure rate and lenders do not appreciate merchandise such as clothing, toys, etc. as security. In most cases, when inventory advances are made, there must be a ready market for the goods in question and they should not be perishable or subject to early obsolescence.

It is incumbent upon the businessman to establish a good relationship with lenders that could support the business. When it is recognized that there will be some financing requirement, steps should be taken early to contact lenders so that the proper arrangements can be made when they are needed.

# Chapter Two

# Internal Financing

Many businessmen seeking money from outside their company are actually in a position to obtain the money they require from a most ideal source — their own resources.

## RECEIVABLES

One obvious source is accounts receivable. A business needs sufficient capital to meet its current commitments but if money is tied up in receivables, the business can be irreparably harmed. The problem can be particularly noticeable in a growing firm with expanding sales. There is a tendency for receivables to increase at the expense of cash, inventories and, finally, fixed assets. Unless receivables can be converted into cash in a minimum period of time, the business firm will lose its liquidity, exhaust its credit and find its growth potential limited. Receivables can be reduced by better credit policies, better policing of credit or by more diligent collection policies.

The granting of credit can often lead to a precarious situation for a business. Many businesses have failed because of bad debts. There would be fewer bad debts and overdue accounts if more attention were paid to the initial granting of credit. Businessmen should not blind themselves to the difficulty of collection because of the prospect of a good sale.

A good accounting system is crucial to controlling accounts receivable. Accounts should be regularly aged and overdue payments immediately flagged for attention and action.

Some businesses post and balance customer accounts on a current basis, thereby allowing them to send out statements to customers early in the month. Other businesses rely on service bureaus for collection but one should be aware of the costs involved. It is important to recognize that the quicker receivables are turned into cash, the more current money the firm has available with which to work.

## INVENTORY

Inventory management should be given greater attention by small businesses. A business may have considerable amounts of money tied up in inventory either of raw materials, work in process, or in finished goods. For some organizations, the carrying cost of inventory exceeds 30% per annum. For manufacturers, inventories should be kept to the minimum, given changing business circumstances. For retailers/wholesalers, their businesses depend upon inventory turnover.

If finished goods inventories are considered to be excessive, perhaps they could be reduced by offering cash discounts, by extended repayment terms or by aggressive advertising tactics. These actions could result in bringing current cash into the company. Care should be taken in reducing prices as it could lead to the alienation of customers when price levels are restored.

In purchasing inventory, the businessman should attempt to maximize his return on investment. A business must be careful of its purchasing policies at all times. Many businesses have failed because too much inventory has been bought, thereby limiting the amount of working capital needed to carry on the business. This is especially true for slow moving items.

For manufacturers and processors good co-ordination is required between production and sales. It is costly to maintain inventories for sales expected many months in the future. Once again, the importance of a business plan or budget cannot be overemphasized.

## SUPPLIER CREDIT

Often businesses can benefit from credit obtained from suppliers. Under competitive pressure, suppliers may be prepared to provide financing, not only through special or extended terms but also through direct debt or equity investment. A word of caution, however, a business can become too firmly attached to a particular supplier because of significant credit assistance. This could lead to the situation where the business will have to continue to purchase from the supplier, even if the supplier ceases to be competitive in terms of price, quality, delivery, and service. Good credit terms from suppliers can come about as a result of careful, tactful negotiation by the buyer.

Some businesses obtain credit by delaying the payment of their bills. Some of the most respected businesses in the world use this tactic but, sooner or later, a firm could run the risk of losing the goodwill of its suppliers. Habitually poor bill payers can expect their suppliers to impose stringent credit conditions to the extent of asking for prepayment of goods or services.

A new small business can expect suppliers to be very careful about granting trade credit. The best policy is a frank discussion with suppliers about the terms they are willing to extend and full disclosure of financial plans. A small business with good equity capital and managed by a person who shows an awareness of financial management can usually get fair accommodation from the beginning. As the business' creditability with suppliers grows, extended terms can be negotiated. However, a small business sooner or later should demonstrate its ability to pay early and promptly.

## PREPAYMENTS AND EMPLOYEES AS A SOURCE OF FINANCING

In some cases, a business can encourage its customers to make payments prior to production or delivery of the goods or services. For example, mail order businesses generally ask for payment prior to forwarding their goods to the customer. Custom manufacturers also often ask for prepayment of goods. These prepayments may form a fairly permanent source of working capital. Sometimes special pricing and special terms may be necessary to attract prepayment deposits.

Another source of internal financing which may be available to an existing business is its employees. Employees with access to capital may be willing to invest in the company because they understand its products and trust the management. They are also in an advantageous position to closely monitor their investment. If an employee has a stake in the company's future, it could positively influence his working habits and concern for the company's success. On the other hand, because the employee has a share in the business, it could prove difficult to remove, retire, or replace him if he becomes unproductive or uncooperative.

# Chapter Three

# Approaching Lenders

Generally speaking, starting a new business is a risky endeavor and no one is more aware of this than a banker. If starting a new business is a risk, then financing a business facing current financial problems is even riskier. The lender must be convinced that the proposition is sound and profitable and that you have the ability to make a success of it.

## CHOOSING A LENDER

Plan your requirements well ahead. It is important to approach your banker early. A lender does not want to be approached at the last minute with a crisis situation such as a payroll you are unable to meet. He often needs time to assess the proposal. Also, it is often possible that the person dealing with you cannot approve the loan on his own.

Building a good working relationship with a bank is not always easy. Some people cannot understand why a bank will refuse to lend them money for business purposes or attaches what seems to be restrictive conditions. If the bank does not lend you money, it is probably in the light of recognizing risks in your scheme in which they are not prepared to participate. Thus, they could be indirectly looking after your better interests.

In choosing a bank, ask business acquaintances or local merchants about the bank they use. It is important to deal with a banker who will be interested in your business and will sympathize with your aspirations. It is often easier to build a relationship with a bank that is somewhat familiar with your type of business. Often local bankers develop a substantial amount of information about the kinds of businesses in their area which helps them to understand and evaluate your requirements and financial status more quickly.

It is advisable to approach more than one lender but do not shop for a bank too extensively. It is time-consuming and most lenders work on the same principles.

If you are unfamiliar with a lender's requirements regarding business loans, it is best to set up an initial appointment to discuss the lender's policies without going into the specifics of your proposal. During this interview discuss such questions as: Is collateral required? If it is, how much and what type? Does the bank have limitations on the types of businesses to which it will grant loans? What are the repayment terms? What reports or supporting information do you have to make? Will the bank give a line of credit?

Put your proposal in writing in a form such as the framework given in the chapter on financial planning in this handbook. Make sure that adequate financial data is included so the lender can assess your application on the basis of full information.

There is no need to approach a banker with trepidation. He is there to serve you. Be confident in your approach and be prepared to negotiate terms. It is best to first set up a firm appointment so that you will get an uninterrupted hearing.

If the lender does turn down your application, it is important that you understand the reasons why. It is possible that with some adjustments to your proposal, it could become attractive to the lender.

## BUILDING RELATIONS WITH YOUR BANKER

Get to know your banker and be able to confide in him. Acquaint the banker with your business and prove to him that you are a competent and progressive manager. Some loans officers are unable to recognize business potential and can often block

legitimate proposals. If the bank assigns your account to someone who is not interested in learning about your business, ask for another person with whom you can work on a personal basis.

Earn your banker's respect by showing good faith. Build a reputation for integrity by conducting your banking affairs in a logical manner. Observe the banker's policies as this will assist in your relationship. Keep the banker informed on all developments of your business. When a problem occurs, often reasonable solutions can be found if the businessman puts forward an honest front with a plan to tackle it.

There are other methods to building good relationships with your banker. Provide financial data regularly to him. Give him copies of profit and loss statements, balance sheets, and budgets. Supplying information on your firm's finances helps to build your reputation for integrity. Invite the banker to visit your place of business and explain your operating procedures and future plans to him.

# Chapter Four

# Financial Planning

Every well managed business operates on a budget or financial plan prepared at least once a year. A well thought out plan aids both the businessman and the lender to evaluate the prospects of the business. The plan forces management into a realistic appraisal of the enterprise and ensures that all aspects of the company's operations are considered prior to any commitments. A plan should acquaint the businessman with potential difficulties before they develop and ensure the continuity of the business. If a business is not prepared to face financial contingencies, then the likelihood of financial problems occurring to threaten the business is high.

A banker's respect for a small businessman who performs financial planning is substantial simply because most small businesses do not adequately plan their financial operations. A plan provides the lender with a solid basis on which to judge the company and it assures the lender that management is aware of both the opportunities and potential problems. It will indicate the company's ability to maintain and repay debt or provide a satisfactory return on its investment.

## ELEMENTS OF A FINANCIAL PLAN FOR LENDERS OR INVESTORS

A. Prepare a brief summary providing:
   (1) A description of the business.
   (2) The amount of money required and what you are going to do with it.
   (3) What security you will pledge.
   (4) Summary of earnings projections.

B. Background information:
   (1) Past history of the company (should not be longer than two pages).
   (2) Provide the legal status of the company (indicate whether the business is a sole proprietorship, partnership or limited company).

   Give dates of commencement or incorporation.

   List the names and addresses of the owners and what percentage of the business they own.

C. Products and Services
   (1) Provide a description of your products and services with an assessment of their strengths and weaknesses.
   (2) Patents, trade secrets and other technical advantages
   (3) Technologies used.
   (4) Discussion of the industry and industry projections.

D. Management
   (1) Organization of the company.
   (2) Provide brief management biographies of key personnel (include their ages and backgrounds in this type of business).
   (3) Management compensation.

E. Marketing
   (1) Identify:
   - the total market
   - target market
   - your competition (give estimates of the size of the market each competitor holds, give specific names)
   - your marketing advantages relative to competitors
   - your past sales and future projections
   - risks

- your pricing policy
- your selling terms (credit policy)
- distribution plan

(2) Marketing strategy

- promotion plan
- methods of selling

F. Land, Buildings and Equipment

(1) Location:

- give description
- provide reason for locating where you have

(2) Provide details as to the amount of land required, site plan, costs of land and buildings, including installation of services

(3) List all machinery and equipment required

- indicate costs and installation charges
- indicate from whom and where purchases are to be made

G. Operations

(1) Work flow:

- provide diagrams if applicable
- quality control

(2) Inventory control

(3) Supplies and Materials:

- availability of supplies, costs and terms

(4) Manpower Plan:

- include informal job descriptions along with organization chart
- give salary or wage schedules

(5) Manufacturing cost estimates

(6) Operations Schedule:

- time schedule
- key events and decision points

H. References

(1) Name of bank or others with whom you have had financial dealings:

- give types of loans, terms, etc. previously held

(2) Name of accountant, lawyer or other professionals with whom you have had business relationships

I. Financial Plan

(1) List all capital requirements and sources of financing

(2) Provide profit and loss statements and balance sheets for the present and the preceding three years

(3) Provide projections, cash flow budgets, pro forma profit and loss statements, pro forma balance sheet, break-even chart (if appropriate)

J. Summary of Critical Risks and Assumptions

Supplementary exhibits can also be attached to the application including personnel resumes, community benefits, other supporting documents.

Be thorough in your written presentation. The more details supplied to support the application, the more likely it is that you will earn the lender's favor.

Some of the topics may not appear to be applicable to your business or it may prove difficult to address the subjects in a comprehensive manner. At the very least, the written presentation to lenders must satisfy them of your personal integrity and management skills. It must also show how much money you require and what you are going to do with it. Lenders have to be convinced that a loan to you will be secure and will be repaid.

A significant side benefit in performing a business plan for an investor or lender is that you will become more aware of the potential rewards and troubled areas of your business.

## BUSINESS PLANNING

Only a very small percentage of the thousands of businesses started each year in Alberta are formed by financial experts. Most entrepreneurs have no special competence in finance; however, for those businesses that are successful, the owners have usually shown an aptitude for business planning. Accountants and advisors can help to formulate the plan, but you as the owner/manager must prepare the material and know it intimately, especially if it is to be used to obtain financing from lenders or investors.

Often firms who are experiencing rapidly increasing sales run into financial problems. The reason is that the cash flow generated by increased sales is not sufficient to pay for increased inventory, labor and other current expenses. The banker's typical response to such a situation would be, "If only you had planned for these increased expenses, it would have been easier to help you." Bankers prefer dealing with small businessmen who plan their financial needs.

## CASH FLOWS

The most important tool for small business management planning is a cash flow or cash budget. A cash flow is simply an estimate of when you expect to receive cash from your sales and when you expect to pay your bills.

Preparing a cash flow is often a complicated task and the first time you prepare the cash flow it will probably take some time. The second occasion will require less time and thereafter it will become routine. However, the dividends this work will pay will be considerable and allow you to make better decisions about your business.

A written cash flow allows businessmen to identify priorities for accounts payable and to schedule anticipated cash receipts. More importantly, it provides an estimate of the amount of money required to finance day-to-day operations. It also shows the lender that the business will have sufficient cash to carry loan payments on a term basis.

Planning by the use of a cash flow is a continuing activity and should be reviewed periodically to ensure accuracy. By continually reworking the cash flow, it will become indispensable to the management decision-making process.

## HOW TO PREPARE A CASH FLOW

The first step in preparing a cash flow is to estimate sales on a monthly basis. Sales from previous years can be used to forecast

sales for the coming year. There are many yardsticks by which a business can estimate its sales. A relatively conservative or low forecast can be used to determine the financial results of bad times. An optimistic forecast will show the strain on working capital which may result from better than expected operations. Finally the most probable sales forecast at the centre remains the anchor point about which plans are made.

Decide what amount of your sales will be cash and what amount will be credit. If last year's sales were 10% cash and 90% credit and you do not plan to change your credit policies, chances are that the same proportions will occur again this year. If you sell on credit, take into account when you can expect to collect the accounts receivable.

Note: When preparing a cash flow, the primary concern is to keep track of cash receipts and cash expenditures. Prepare work sheets similar to those shown. When estimating future transactions, do not worry about pennies, round figures off to the nearest $10.00.

| | Jan | Feb | Mar | Apr | May |
|---|---|---|---|---|---|
| Projected Sales | | | | | |
| Cash Sales | | | | | |
| Collection of last month's sales | | | | | |
| Collection of sales from two months ago | | | | | |
| Collection of sales from more than two months ago | | | | | |
| TOTAL CASH COLLECTION | | | | | |

The next step is to plan for accounts payable on a monthly basis according to your sales projections. For example, if you pay your invoices on a 30-day basis, then the cash expenditures for January's purchases will be made in February. If you can obtain trade credit for longer terms, then cash outlays can be further delayed.

| | Jan | Feb | Mar | Apr | May |
|---|---|---|---|---|---|
| Planned Purchases | | | | | |
| Payments on this month's purchases | | | | | |
| Payments on last month's purchases | | | | | |
| Payments on purchases from two months ago | | | | | |
| Payments on purchases from more than two months ago | | | | | |
| TOTAL CASH PAYMENTS | | | | | |

Now that total cash collections and total cash payments have been estimated, make another work sheet (as shown on the next page) listing all cash transactions for the month. Remember — only list the actual cash you are expecting to receive or spend in the appropriate monthly column. An explanation of each entry is made following the form.

**INCOME (CASH ONLY)**

**NOTE:** Cash flows should be made up for an entire 12-month period.

| | JANUARY | | FEBRUARY | |
|---|---|---|---|---|
| | PLANNED | ACTUAL | PLANNED | ACTUAL |
| 1. Cash Sales | | | | |
| 2. Collection from Accounts Receivable | | | | |
| 3. Loan Proceeds | | | | |
| 4. Sale of Fixed Assets | | | | |
| 5. Other Cash Received | | | | |
| 6. TOTAL CASH IN | | | | |

**EXPENSES (CASH ONLY)**

| | | | | |
|---|---|---|---|---|
| 7. Rent (for premises, equipment, etc.) | | | | |
| 8. Management Salaries | | | | |
| 9. Other Salaries and Wages | | | | |
| 10. Legal and Audit Fees | | | | |
| 11. Utilities (heat, light and water) | | | | |
| 12. Telephone | | | | |
| 13. Repairs and Maintenance | | | | |
| 14. Licences and Municipal Taxes | | | | |
| 15. Insurance | | | | |
| 16. Other Operating Expenses | | | | |
| 17. Payments on Purchase of Fixed Assets | | | | |
| 18. Interest Paid on Loans (short-term loans, lines of credit, overdrafts) | | | | |
| 19. Payments on Mortgages/Term Loans | | | | |
| 20. Income Tax Payments | | | | |
| 21. Cash Dividends Paid | | | | |
| 22. Payments on Accounts Payable | | | | |
| 23. Other Cash Expenses | | | | |
| 24. TOTAL CASH OUT | | | | |

| | JANUARY | | FEBRUARY | |
|---|---|---|---|---|
| | PLANNED | ACTUAL | PLANNED | ACTUAL |
| 25. SURPLUS OR DEFICIT (Subtract cash in minus cash out) | | | | |
| 26. OPENING CASH BALANCE | | | | |
| 27. CLOSING CASH BALANCE | | | | |
| 28. TOTAL SALES | | | | |
| 29. MONTH END RECEIVABLES TOTAL | | | | |

EXPLANATION

Lines (1), (2) and (22) of the cash flow have been completed by the exercise on pages 17 and 18 and their total should now be inserted on the work sheet.

line 3: Loans — If you take possession of borrowed money during the month, list this cash receipt.

line 4: Sale of fixed assets — if you sell a fixed asset such as a piece of office furniture or a vehicle, list this cash income in the monthly column when payment is received.

line 5: Other cash — give all other cash income such as interest, rent, etc.

line 6: lines 1 - 5.

lines 7 - 16: Operating expenses — enter the amount of cheques that you write for your monthly expenses. This is actual cash outlay for the month; for example, if you write a cheque in January for the full year's insurance then the amount of the cheque would be put in the January column and nothing would be entered for the rest of the year.

line 17: Payments on purchase of a fixed asset — if money is spent for the purchase of fixed assets such as a vehicle or a filing cabinet, list the amount for the month when the cheque is written.

line 18: Interest paid on loans — this is the interest paid monthly on short-term loans such as bank overdrafts or lines of credit. Since you are in the process of working out the amount of money you will need to borrow, this interest figure may be very difficult to estimate. Consequently, you may decide to leave the line blank for now. If it is likely to be a small amount, you may decide to omit it altogether.

line 19: Payments on mortgages/loans — indicate the monthly payment for the principal and interest on long term

| | |
|---|---|
| | loans. For example, if you borrow $5,000 to purchase a ½ ton truck and monthly payments are $100 with the first payment due in March — then $100 will be entered in line 19 for each month beginning in March. |
| line 20 - 21: | Income tax payments and cash dividends paid — the amounts you expect to pay, if any. |
| line 22: | From total cash payments on accounts payable calculated on page 18. |
| line 16 & 23: | Other operating expenses and other cash expenses — the expense items listed in this format may not be applicable to your business. The headings should be changed so that they are appropriate for your situation. |
| line 24: | Total all possible cash payments for the month. |
| line 25: | Surplus (or deficit) — cash in minus cash out. |
| line 26: | Opening cash balance is the amount of money that you started out the month with. |
| line 27: | Closing cash balance is the amount of money you started out with plus (or minus) the amount of cash made (or lost) in the month. The closing cash balance becomes next month's opening cash balance.<br>If adding lines 25 and 26 produces a negative amount, then that is the amount that will have to be borrowed in order to make planned payments. |
| line 28: | Total sales — this is the amount of sales volume for the month including cash and credit sales. |
| line 29: | Month end receivables total — this is the amount of money owing from this month and previous months' sales. Total sales and receivable totals are not an inherent part of the cash flow although it is important to keep track of these figures for future planning. |

Because this cash flow projection is to be used as an aid for planning future business needs, it is sometimes best to put it away for a few days and then study it again to see if it still makes sense when compared to last year's operation.

It is important that the cash flow is completed on an ongoing basis and is revised as the situation changes. After each month has been completed, put the actual cash flow figures next to the planned figures and compare them. If the planned figures vary considerably with the actual, it may be necessary to rethink the position of the business.

A cash flow assists in financial planning, inventory purchases and formulating credit policies. It also serves as an early indicator when expenses are getting out of line. It is one of the most important tools an owner-manager has to control his business.

# Appendix

# Methods and Sources of Financing a Business (Summary)

METHODS OF FINANCING A BUSINESS

Accounts Receivable Financing

Obtaining a loan from a bank, factor or commercial finance company to finance day-to-day operations, on which the accounts receivable of the business are pledged as security.

Business Improvement Loans

Government guaranteed loans within specific limits to business engaged in designated lines of endeavor.

Commercial Financing

Borrowing funds from a factoring company against the pledge of receivables and/or inventory. The factor will attend to the collection of receivables if required. Letter of credit facilities also available.

Equipment Financing

Borrowing from a bank, finance or acceptance company to purchase machinery or equipment, and using that equipment as collateral.

Equipment Leasing

Obtaining the use of machinery, vehicles or other equipment on a rental basis. This avoids the need to invest capital in equipment. Ownership rests in the hands of the bank or leasing company, while the business has the actual use of it.

Floor Financing

Usually used by car dealers, piano, furniture and large appliance dealers to finance their floor stock. The lender maintains legal ownership of the floor items while the retailer displays them for sale.

Factoring

Selling trade accounts receivable on a non-recourse basis to a factoring company which assumes responsibility for credit and collection. Factors will advance up to 85% of approved receivables pending collection.

Inventory Financing

Here inventory is used in two ways: to support a loan or obtain additional credit to increase inventory. In the case of a manufacturer, a bank may take a debenture or security under Section 88 of the Bank Act. If the goods are kept in a public warehouse, the bank may make advances under Section 80 of the Bank Act. Other lenders advance funds to businesses against warehouse receipts or debenture security.

Letters of Credit

A letter of guarantee issued by a bank on behalf of its client, usually irrevocable, to a supplier guaranteeing payment if the merchandise ordered is shipped in accordance with the terms and conditions specified.

Operating Loans

Funds provided to look after the day-to-day operating requirements of a business. This type of loan is normally of a revolving nature and may be secured by receivables, inventory, a debenture or fixed (and other) assets, or other collateral.

Personal Loans

For a variety of purposes, including business-oriented situations (for example — equity participation). The borrower frequently pledges an asset as collateral for the loan.

Term Loans

Designed for a variety of capital purposes, including the purchase or repair of fixed assets and equipment. These usually run for terms up to five years and beyond. Repayment is effected in regular instalments.

Trade Credit

This is a normal form of financing employed by a business enterprise. The suppliers allow terms of credit usual to the particular trade (may be 30, 60, 90 days and beyond). A discount is often offered for payment made within 10 days; however, interest may be charged when terms are extended.

Working Capital Loans

Firms which have a heavy investment in fixed assets but have limited working capital may borrow medium to long-term funds against the security of these assets. This provides the money to meet maturing obligations, stockpile inventory and take advantage of trade discounts.

# SOURCES OF FINANCING A BUSINESS

| | BANKS AND TREASURY BRANCHES | VENTURE CAPITALISTS & PRIVATE INVESTORS | COMMERCIAL FINANCE COMPANIES | ALBERTA OPPORTUNITY COMPANY FEDERAL BUSINESS DEVELOPMENT BANK ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION ALBERTA HOME MORTGAGE CORPORATION (AHMC) | FACTORS | EQUIPMENT SUPPLIERS | TRADE SUPPLIERS | LIFE INSURANCE COMPANIES |
|---|---|---|---|---|---|---|---|---|
| TYPES OF FINANCING | Accounts Receivable Financing; Inventory Financing; Other Operating Loans for Capital Purposes; Fixed Assets and Equipment; Personal Loans; Factoring; Business Improvement Loans; Dept. of Regional Economic Expansion Loans; Export Development Corporation Guaranteed Loans | Provide debt and equity financing for all purposes. | Accounts Receivable Financing; Equipment Financing; Equipment Leasing; Floor Financing; Capital Loans; Working Capital Loans; Consolidation & Refinancing; Fixed Asset and Other Capital Loans | Equipment Financing; Fixed Asset and other Capital Loans. In some instances Working Capital Loans<br>The Alberta Agricultural Development Corporation provides funding for agribusiness.<br>AHMC Provides Mortgage Financing for Residential Development Companies. | Accounts Receivable Financing; Letters of Credit | Equipment Financing; Equipment Leasing; Floor Financing | Trade Credit | Loans made to insurance policy holders against cash surrender values built up at comparatively low rates. |
| TYPE OF ORGANIZATION | Provide a wide range of commercial and personal banking services | Varies considerably | Term lender; Purchase other companies' receivables primarily balances of sales, liens and contracts; Leasing; Sales Leasebacks; On occasion provides equity financing. | Operated by the Alberta and Federal Governments to provide financing assistance to new or existing business enterprises in Alberta, particularly those of a smaller size. Applicants must have a refusal from a conventional lender before proposal will be considered (except in the case of AHMC). | Handle credit and collections for manufacturers and wholesalers. Also purchases receivables on a non recourse basis. Will advance funds pending collection and will also make advances against inventory for short periods. | Equipment manufacturers often allow small businesses to buy their products on the installment plan. In addition they may provide Floor Financing to their dealers and distributors. Some suppliers may be prepared to lease equipment over a reasonable period. | Suppliers normally provide a significant portion of a firm's short term financing if a good credit record is maintained. Foreign shippers usually request letters of credit in payment or sight documentary drafts on the buyer. | Insurance companies invest money from premiums in mortgages and in bonds, short term securities and in business enterprise. |

# SOURCES OF FINANCING A BUSINESS

| | BANKS AND TREASURY BRANCHES | VENTURE CAPITALISTS & PRIVATE INVESTORS | COMMERCIAL FINANCE COMPANIES | ALBERTA OPPORTUNITY COMPANY FEDERAL BUSINESS DEVELOPMENT BANK | FACTORS | EQUIPMENT SUPPLIERS | TRADE SUPPLIERS | LIFE INSURANCE COMPANIES |
|---|---|---|---|---|---|---|---|---|
| DEGREE OF RISK ACCEPTED | MODERATE RISK | HIGH | MODERATE TO HIGH | MODERATE RISK | MODERATE TO HIGH | MODERATE TO HIGH | RELATIVELY HIGH | LOW |
| INTEREST RATES | MODERATE INTEREST RATES | LOW TO HIGH | MODERATE TO HIGH | MODERATE INTEREST RATES | MODERATE TO HIGH | MODERATE TO HIGH | Interest not normally charged if account paid within terms offered. Interest varying from moderate to high is sometime levied on past due accounts | LOW MODERATE |
| TERMS | Repayment terms are flexible, usually related to cash flow and/or earnings | Varies considerably | Flexible, depends upon life of goods being financed. | Flexible, depending on earnings and life expectancy of goods being financed | SHORT TERM | 1 - 5 Years | 30 - 60 days normal; dating sometimes allowed on seasonal merchandise | LONG TERM |

## ALBERTA TOURISM AND SMALL BUSINESS OFFICES

| | |
|---|---|
| HEAD OFFICE | Capitol Square<br>10065 Jasper Avenue<br>Edmonton, Alberta<br>T5J 0H4<br>Telephone: 427-3685 |
| CALGARY | 5th Floor<br>999 - 8 Street S.W.<br>Box 400<br>Calgary, Alberta<br>T2R 1J5<br>Telephone: 261-6284 |
| CAMROSE | 4909 - 48 Street<br>Camrose, Alberta<br>T4V 1L7<br>Telephone: 672-4411 |
| EDSON | P.O. Box 2490<br>Provincial Building<br>4926 - 1 Avenue<br>Edson, Alberta<br>T0E 0P0<br>Telephone: 723-3341 |
| GRANDE PRAIRIE | 102 Provincial Building<br>9905 - 100 Street<br>Grande Prairie, Alberta<br>T8V 1B9<br>Telephone: 539-2230 |
| LETHBRIDGE | 249 Provincial Building<br>200 - 5 Avenue S.<br>Lethbridge, Alberta<br>T1J 4C7<br>Telephone: 329-5414 |
| MEDICINE HAT | 217 Provincial Building<br>770 - 6 Street S.W.<br>Medicine Hat, Alberta<br>T1A 4J6<br>Telephone: 529-3630 |
| PEACE RIVER | Bag 900, Box 3<br>101 Provincial Building<br>Peace River, Alberta<br>T0H 2X0<br>Telephone: 624-6113 |
| RED DEER | P.O. Box 5002<br>Provincial Building<br>4920 - 51 Street<br>Red Deer, Alberta<br>T4N 5Y5<br>Telephone: 343-5300 |
| ST. PAUL | P.O. Box 1688<br>409 Provincial Building<br>St. Paul, Alberta<br>T0A 3A0<br>Telephone: 645-4475 |

# Alberta Tourism and Small Business Offices

## PROVINCIAL CROWN AGENCIES AUTHORIZED TO PROVIDE FUNDS TO ALBERTA BUSINESS

ALBERTA AGRICULTURAL DEVELOPMENT
(Head Office)

4910 - 52 Street
Camrose, Alberta
T4V 2V4
Telephone: 672-3347

ALBERTA HOME MORTGAGE CORPORATION
(Head Office)

600 - 10050 - 112 Street
Edmonton, Alberta
T5K 2J1
Telephone: 482-7151

ALBERTA OPPORTUNITY COMPANY
(Head Office)

P.O. Box 1860
Ponoka, Alberta
T0C 2H0
Telephone: 783-4481

## FEDERAL AUTHORITIES

| | |
|---|---|
| Department of Consumer & Corporate Affairs<br>10225 - 100 Avenue<br>Edmonton, Alberta T5J 0A1<br>420-2491 | Packaging<br>Weights and Measures |
| Commissioner of Patents<br>Department of Consumer & Corporate Affairs<br>Ottawa-Hull, Canada K1A 0E1 | Copyrights<br>Industrial Designs<br>Patents |
| Registrar of Trademarks<br>Department of Consumer & Corporate Affairs<br>Ottawa, Canada K1A 0E1 | |
| Department of Industry, Trade & Commerce<br>5th Floor, 9939 Jasper Avenue<br>Edmonton, Alberta T5J 2W8<br>420-2944 | Export Assistance<br>Foreign Investment Review Board |
| Business Information Centre<br>5th Floor, 9939 Jasper Avenue<br>Edmonton, Alberta T5J 2W8<br>420-2953 | |
| Labour Canada<br>10225 - 100 Avenue<br>Edmonton, Alberta T5J 0A7<br>420-2993 | |
| Department of Manpower & Immigration<br>10210 - 107 St.<br>Edmonton, Alberta T5J 0G2<br>420-2207 | Manpower |
| Department of Manpower & Immigration<br>Canada Immigration Centre<br>10506 Jasper Avenue<br>Edmonton, Alberta T5J 2W9<br>420-2106 | Immigration |
| Revenue Canada — Taxation<br>9820 - 107 Street<br>Edmonton, Alberta T5K 1E8<br>Information: Individuals 420-3510<br>Limited Companies 420-3573 | Income tax source deductions |
| Revenue Canada — Taxation<br>District Excise Office<br>#610, 10055 - 106 Street<br>Edmonton, Alberta T5J 2Y2<br>420-3420 | Sales and Excise Tax |
| Revenue Canada — Taxation<br>Customs Operations<br>9828 - 104 Avenue<br>Edmonton, Alberta T5J 0J9<br>420-3403 | Customs |
| Unemployment Insurance Commission<br>10704 - 102 Avenue<br>Edmonton, Alberta T5J 0G2<br>420-2207 | |

## PROVINCIAL AUTHORITIES

Alberta Health Care Insurance Commission
118 Avenue & Groat Road
Box 1360
Edmonton, Alberta T5J 2M2
427-1400

Apprenticeship Branch & Trade Certification
Alberta Advanced Education & Manpower
10926 - 119 Street
Edmonton, Alberta T5H 3P5
427-3722

Board of Industrial Relations
Alberta Labour
5th Floor, I.B.M. Building
10808 - 99 Avenue
Edmonton, Alberta T5K 0G5
427-8547

Tourism and Small Business
Capitol Square Building
10065 Jasper Avenue
Edmonton, Alberta T5J 0H4
427-3685

Central Registry
Department of the Attorney General
15th Floor, Century Place
9803 - 102A Avenue
P.O. Box 1970
Edmonton, Alberta T5J 3E2
427-5104

Companies Branch
Alberta Consumer & Corporate Affairs
14th Floor, Century Place
9803 - 102A Avenue
Edmonton, Alberta T5J 3A3
427-2311

Co-operative Development Branch
Alberta Consumer & Corporate Affairs
700 Capitol Square
10065 Jasper Avenue
Edmonton, Alberta T5J 3B1
427-8507

General Safety Services Division
Alberta Labour
8th Floor, I.B.M. Building
10808 - 99 Avenue
Edmonton, Alberta T5K 0G2
427-3679

Labour Standards Branch
Alberta Labour
4th Floor, 10339 - 124 Street
Edmonton, Alberta T5N 3W1
427-3731

Management and Conciliation Services
or: Conciliation and Mediation Services
9th Floor, I.B.M. Building
10808 - 99 Avenue
Edmonton, Alberta T5K 0G5
427-8301

Workers' Compensation Board
9912 -107 Street
Edmonton, Alberta T5J 2S5
427-1100